

Newspaper accuracy and quality monitoring. A nonprofit organization whose purpose is to educate the public concerning the accuracy and fairness of news coverage by local newspapers and, by educational methods, encourage the newspapers to meet high standards of journalism qualifies for exemption under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit organization described below which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable purposes.

The organization was formed to educate the public as to the accuracy of news coverage by newspapers in a local community and to provide citizens an independent channel for their complaints on the performance of local newspapers and to encourage the newspaper to meet high standards of journalism by educational methods. The organization's membership consists of prominent leaders representing various citizens' groups who are not affiliated in any way with the local newspapers.

The organization investigates citizens' complaints concerning the news content of the local newspapers. Complaints which are investigated and reported on are selected by the membership on an objective basis. They generally deal with matters relating to alleged failures to provide adequate news coverage for certain events or activities, and with allegedly inaccurate or unfair news reporting. The organization is not concerned with criticisms relating to editorial opinions, advertising, or circulation matters. A member of the organization who has a personal, professional, or business interest in any matter being investigated does not participate in the consideration.

Members of the organization meet periodically with the editors of the newspapers to discuss the complaints received by the organization, and to discuss the policies and practices of the newspapers as they relate to the complaints.

The organization periodically publishes the results of its investigations and analyses of the policies and practices of the newspapers. These reports contain a full documentation of the facts relied upon to support the organization's conclusions. The reports are not intended to mold public opinion or to further any political or ideological view.

Under a standing arrangement, all the newspapers whose activities are covered by the organization's studies and reports publish the full text of each of such reports. The newspapers usually publish their responses at the same time. The newspapers also publish notices of the organization's existence and purposes, and invite the general public to send suggestions and complaints to the organization.

The organization's income is derived from public contributions and its disbursements are for operating expenses.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for educational purposes.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations provides in relevant part that the term 'educational' as used in section 501(c)(3) of the Code relates to the instruction of the public on subjects useful to the individual and beneficial to the community. The regulations further provide that an organization may be educational even though it advocates a particular position or viewpoint, so long as it presents a sufficiently full and fair exposition of pertinent facts to permit the public to form an independent opinion or conclusion.

By investigation the newspapers' practices and publishing the results of its analyses, the organization is helping insure the public has full and fair newspaper reporting. Its studies and reports deal with newsworthy events and the manner in which such events have been treated in the newspapers. The method used by the organization in disseminating its findings is designed to present a full and fair exposition of the facts to enable the public to form an independent opinion or conclusion. The overall effect of the organizations' activities is the instruction of the public on a subject useful to the individual and beneficial to the community.

It has been historically recognized that the conduct of factual inquiries on subjects of benefit to the public and the dissemination of the information so developed is educational in the charitable sense. See G. Bogert, *Trusts & Trustees* sec. 375 (2d ed. 1964).

Accordingly, the organization is operated exclusively for charitable purposes and since it otherwise qualifies, is exempt from Federal income tax under section 501(c)(3) of the Code. See Rev. Rul. 64-192, 1964-2 C.B. 136, which relates to an organization created to educate the public as to the quality of radio and television programs.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.